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Tom Amontree (202) 720-4623
tamontree@usda.gov
Becky Unkenholz (202) 720-8998
runkenholz@ams.usda.gov

GLICKMAN PROPOSAL WILL STREAMLINE DAIRY PROGRAM AND STABILIZE PRICE

WASHINGTON, Jan. 23, 1998--Agriculture Secretary Dan Glickman today announced proposed changes to the 60-year old Federal Milk Marketing Order program that will streamline and introduce more market orientation into the program. Glickman also announced a national hearing will be held to consider temporarily flooring the basic formula price for milk.

"I was asked by Congress to simplify and consolidate the dairy program, and I believe this proposal accomplishes that goal by sharply reducing the number of milk marketing orders," said Glickman. "However this is a big change and we can't expect farmers to make it overnight. That is why we are proposing to phase in the changes over several years."

The 1996 farm bill mandated that milk marketing orders be consolidated by April 1999. The Administration's proposal will reduce the current 31 orders into 11. The new regions would be Northeast, Appalachian, Florida, Southeast, Mideast, Upper Midwest, Central, Southwest, Arizona-Las Vegas, Western and Pacific Northwest.

Other proposed changes include: replacement of the basic formula price (currently based in part on the Minnesota-Wisconsin price for grade B milk), with a price that reflects the value of milk components such as protein and butterfat in manufactured dairy products; two options for replacing the way that minimum fluid milk prices are determined, including one option that closely reflects the current program and a preferred market-oriented option for fluid milk prices that could be accompanied by transition assistance for dairy farmers; and other proposed suggestions for streamlining language and provisions in the current order system.

"To address volatility in milk prices in the interim," Glickman said, "we must also consider putting a temporary floor on the basic formula price of milk to assist producers during this transition period."

In addition, the Department will hold a national hearing beginning on February 17, at USDA headquarters in Washington, D.C. The hearing will consider testimony about temporarily flooring the basic formula price for purposes of calculating Class I (fluid) and Class II (soft dairy products) milk prices until the reform process is completed and new orders are implemented.

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“Anyone who has followed the dairy debate knows this is a highly emotional issue with not a great deal of national consensus,” said Glickman. “I now urge the public to get involved and help us fix the program.” He also emphasized that this is only the latest in a series of measures the Administration has taken to respond to dairy industry concerns, including: increasing dairy product exports through the Dairy Export Incentive Program and expanding the use of dairy products by nearly one-third in food and nutrition assistance programs.

The public will have until March 31 to provide comments to USDA on the contents of the proposed rule, which can be accessed on the Internet: <http://www.ams.usda.gov/dairy/reform>; when the proposed rule is published by the Federal Register on January 30, copies may be purchased from the Government Printing Office by calling (202) 512-1800.

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